

**Subject: The European Commission and Environmental  
Security - An Overview**

- **Express the Commission's interest in the subject of integrating Environment, development, and Conflict Prevention** –. It is a complex subject that combines elements of governance and conflict prevention, environment, management of natural resources and human rights, and applies to various sectors, each with its own specificities.
- Such a complex subject calls for a variety of actions: **note that the Commission is playing an active role in addressing these issues from many different perspectives under the development cooperation programmes but also under other policies** – e.g. the EC progressive stance on climate change is obviously of importance when we discuss environmental change;
- **Climate change coupled with the current energy security debate are serious problems.** COM is working to ensure coherence and commitment to intensify efforts at EU level but not only to bring these as a matter of priority within foreign policy actions. But broad international action is imperative.
- **Tackling these issues has become an important theme for the Commission** in its work on conflict prevention and crisis management. Since last year the issue has moved even further up on the agenda since last year given the focus on Africa and RELEX has recently set up a new working group on “natural resources” within the unit in charge of conflict prevention and crisis management;
- For the EC/EU, as for others, this is a **relatively new area of intervention, but one to which we are now devoting attention and resources across a range of sectors.** The main objective of the COM is to fully integrate environmental issues and objectives into EU's policies (development, external relations, trade, security, etc) and pillars (first and second). This would allow to address crosscutting areas and cross disciplinary subjects minimising the risk that environmental issues (such as stress on water, food, biodiversity) contributing or leading to instability and insecurity, and

at the same time to maximise the EU role in tackling the growing number of complex environmental challenges. The COM is recognising the importance of the environment and security linkages and increasingly promoting raising awareness within COM services and programmes and with third parties.

- **The increased attention** to this issue started when definitions of environmental security included human physical, social and economic well-being with the role of environment as causes of conflict and instabilities. in particular
  - increasing evidence of worsening human induced environmental change
  - growing concern of the impacts of environmental change on social/economic systems, which often leads to/results in violation of human rights
  - desire to advance the environmental agenda by developed countries who can afford to care about the environment by red-scribing challenges as security threats and last but not the least find new foci for traditional military programme;
- Different **definitions of the ENVSEC nexus** and 3 main concepts can be outlined/ are noticeable: preventing, mitigating and repairing damage to the environment from either natural or human-induced processes acts
  - for human life support and for the value of the environment itself
  - for the prevention of political, social and economic instability or conflict
  - to increase the security of individuals and to assure they have fair and equal access to environmental goods
- **Environmental security threats can be divided into 3 broad categories** according to the origin: natural acts (climate vulnerability, natural hazards) unintentional humans pressures/acts (eg mismanagement), intentional human pressures/acts (eg corruption, sabotage, illicit trafficking, etc)
- EU/COM is involved in a number of activities directly and indirectly addressing the environment and security nexus:
  - **Promoting and supporting sustainable development policies.** COM promotes sustainable management of natural resources with the objective of reducing the environmental impacts of natural resource use, in order to ensure their contribution to poverty and sustainability;

- **Addressing current challenges and preventing new tensions.** *Water* is a critical component of the entire ecosystem; growing and competing demands for water at local, regional, and international levels can lead to pollution, drought, desertification and conflicts. To this end the EU launched in 2002 at Johannesburg the EU Water- and Energy Initiatives.
  - The *EUWI* has been designed to contribute to the attainment of MDGs and WSSD **targets relating to drinking water and sanitation**, within the context of an **integrated approach to water resources management**.
  - The **potentials** of an integrated water resources management **for the promotion of peace, security and stability especially in transboundary water basins** cannot be underestimated. The EU therefore encourages strong regional cooperation in this field.
  - Also, the EUWI is **based on a participative multi-stakeholder approach** gathering government, private sector, civil society, etc. Efficient community participation is a prerequisite to ensure that water services are well integrated within an overall water management framework.
  - The *EUEI* aims to **raise political awareness** among high level decision makers, **encourage the coherence and synergy of energy-related activities and attract new resources** (capital, technology, human resources) from the private sector, financial institutions, civil society and end-users. The Initiative is a **framework for policy dialogue** with Developing Countries and other partners.
  - Activities implemented under the Initiative are **driven by the needs and priorities of the participating developing countries**. **Ownership** of activities by the partner country is a key feature. **Local participation** will be encouraged from end-users, communities, businesses and other stakeholders in both the planning and implementation stages.
  - The new external thematic programme on environment will also support the core, policy-related activities of the two initiatives.
  - *Forests* are often areas rich in natural resources such as timber or minerals where sometime the state has

little control. Illegal deforestation and forest-related activities linked to the exploitation of those resources can be a contributing factor to conflict. **We have made some headway on conflict timber through the EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT)**, adopted in May 2003 and which we are now starting to implement with a number of partner countries, and through specific projects. The core components of the Action Plan are **support for improved governance in wood-producing countries**, and a **licensing scheme to ensure only legal timber enters the EU**. This licensing scheme will initially be implemented on a voluntary (but binding) basis, through a series of partnerships with wood-producing countries. The improvement of governance structures in general are of course also supported by bilateral and regional development cooperation and is integrated in policy dialogues with partner countries. The new external thematic programme on environment (2007-2013) will also aim at promoting FLEGT processes. **Malaysia** is the **first partner country** with whom **formal negotiations started for a voluntary partnership agreement** on FLEGT with the EU, in 2007. With a number of other interested partners from Asia, Africa and Latin-America, informal discussions and/or seminars on FLEGT are ongoing or planned.

- Monitoring the state of the Environment. **The Global Monitoring for Environment and Security (GMES)** a joint initiative of the EU and ESA will provide independent a permanent access to reliable and timely information the status and evolution of the Earth's environment at all scales, within EU and globally. GMES will be used by the COM to take decisions on the definition, implementation and assessment of EU environmental policies.
- Support for greater transparency and better governance of the **extractive industries** in general also works in this direction. We are therefore committed to supporting EITI, and we have started integrating provisions for supporting governance of the mining sector into some country programmes, such as that for the DRC.
- We see substantial scope for **synergies and cooperation with others international organisations and NGOs** in working on 'conflict resources'. This obviously goes for the programming of

technical assistance – and for building EU capacities to prevent conflict and manage crisis. In this training of EU personnel in post-conflict countries could usefully includes the monitoring of illicit production or trade of key resources.

- **UN sanctions** also have a potentially important role to play in certain circumstances. We would hope that issues of natural resource exploitation can be taken into account whenever new sanctions measures for countries with ‘conflict resource’ problems are discussed in New York, as was recently the case with regard to Côte d’Ivoire (in the new sanctions Resolution adopted in December 2005). Perhaps the creation of a permanent UN expert panel on conflict resources would also be helpful in this regard.
  
  - Promoting international environmental action in the field of environment brings additional benefits for addressing the environment and security nexus. **The 3 Rio conventions on biodiversity, climate change, and desertification** contribute not only to an improved state of the environment but also to stability, sustainable peace and development.
- **Integrating environment and security concerns in all relevant policies:** development, external relations, conflict prevention through input in relevant papers and instruments such as CSPs, environmental profiles, IQSG work on crosscutting issues.
  
  - **Funding environment and security related projects:**
    1. DEV environment and forest budget line study on “integrating environmental security concerns in development policy;
  
    2. The Liberia forest reassessment project has the objective to assess forest cover and the protection status and management of forest areas and improve forest policy/management which is a security issue.
  
  - **Cooperating with external partners on environment and security:**
    1. COM has contributed to the work of the OECD DAC CPDC network on the paper “the environment, conflict and peace – policy issues and operational responses which

has the objective to increase the understanding of the link between environment, conflict and peace;

2. The COM (DG ENV) provided financial support to the ENVSEC initiative project in south Caucasus on the management of the Caucasus Mountains. The work UNDP, UNEP, OSCE and NATO is doing in **addressing the scarcity of natural resources like land and water, and environmental degradation, as root causes of conflict** in the framework of the ENVSEC initiative is of interest for the COM we are interested in learning from the UN how these issues could be addressed operationally. In any case, we see empowerment of civil society – in particular poor and marginalised groups at the bottom of the chain – as the key to better environmental management.
  3. COM representatives are more and more present and participating in conferences and meetings on “environment and security” such as the “Greening ESDP” conference organised by the Institute for Environmental Security
- **We are already working on using new tools such as decentralisation and participatory processes to anticipate potential conflicts of interests as to how resources are to be managed.** This is particularly important in the case of water, where the different and growing demands for water can lead to drought and desertification and can develop into conflict. The sharing of water resources between countries can be an important means of conflict prevention. The EC is therefore supporting better regional management of shared water resources through our regional programmes and through the work of the EU Water Initiative and ACP-EU Water Facility.
  - **Migration is an important aspect of this issue.** As the UN has just pointed out, the already vast number of environmental IDPs and refugees is expected to rise dramatically in the coming years and there is an urgent need to tackle this issue at the international level. This year’s High Level Dialogue on Migration and Development should consider formal recognition of the status of environmental refugees, and more broadly of the environmental aspects of migration. The Commission is interested in contributing to this debate.
  - **The Kimberley Process is a successful example as a case in point from the Commission’s (and DG Relex) perspective:** the Kimberley Process is to date a unique effective international response to the issue of conflict resources and illustrates how an

international trade regulation and conflict prevention instrument can play a role in improving the management of natural resources in Participant countries;

- The EC has been a Participant in the KP from its inception and **the Commission, which represents the EC in the Kimberley Process is proud to have actively contributed to its achievements** so far:
  - The *KPCS is a success: it has been instrumental in curbing the trade of conflict diamonds*, which now represents a fraction of one percent of total trade in rough diamonds, as compared to about 15 % at the height of the crisis in the 1990's – the KP is therefore an effective conflict prevention instrument;
  - The *KPCS has done more than addressing the issue of conflict diamonds: it has greatly contributed to the stabilisation and the development of states* by increasing government revenues and bringing some of the informal economy to the open. For ex. Sierra Leone exported over \$ 140 mln of diamonds in 2005, from almost nothing five years earlier. In its own ways, the KP is also about natural resources management, economic governance and development;
  - Note that *the Kimberley Process is confronted with important challenges*, notably in relation to reports that conflict diamonds from Côte D'Ivoire could be smuggled through Ghana. The Gaborone Plenary has just addressed these challenges, but this is a sign that we must all remain vigilant on the conflict diamonds issue.
- **Inform that the EC has taken over as Chair for the KP in 2007 and explain that EC priorities revolve around two main orientations**

**the first orientation is to ensure what we call 'continuity through consolidation'** – in other words, build on and strengthen existing structural elements of the Kimberley Process. By and large, the EC Chairmanship has inherited a mandate as a result of the 3-year Review conducted in 2006, and the EC will therefore devote particular attention to the implementation of the recommendations of the 3-year Review. This entails working to reinforce the Peer Review mechanism and the system of monitoring as well as the transparency requirements through annual reporting and publication of trade and production statistics.

One area of focus deserve particular attention: ***to the issue of internal controls***, which appears as the most crucial for

KPCS effectiveness at this stage, as the current crisis in Côte d'Ivoire/Ghana has illustrated, and which is ***directly related to the capacity of governments to ensure proper management of their natural resources, and effective implementation and enforcement of their legislation.***

- The second orientation for the EC Chairmanship of the Kimberley Process in 2007 will be more innovative: **the EC has the ambition to lay the foundations for a better crisis prevention and crisis reaction capacity.** This derives from the idea that the Kimberley Process should not only react to crisis after they happen – as is mostly the case until now – but should be able to anticipate and gradual response to emerging crises. The development of this capacity will be based on the better mobilisation of existing resources – for ex. to develop 'early warning system' making use of Participants and industry and NGOs information capacity in the field – and a better coordination with other institutions, notably the UN. To illustrate this, I can inform that, at this very moment, a KP mission is inspecting Ghana together with an expert from the UN Panel of Experts on Côte d'Ivoire. The link with conflict prevention is particularly obvious here.
- **Conclude on the KP by highlighting how it combines various perspectives: conflict prevention and economic governance, natural resources management and human rights** (e.g. as KP-led processes to work with hundreds of poor diggers to extract them from criminal networks and integrate them in some form of formal economy);
- Finally most of you know the COM through an internal network involving DG ENV, RELEX and AIDCO has set up a **study on "Addressing the inter-linkages between natural resources management and conflict in the European Commission's external relations"** which provided a number of useful recommendations for COM work in this area.

## **Background note 1: the EC and the Kimberley Process (conflict diamonds)**

### **1. The Kimberley Process: background and objectives**

a) Background. Following two years of negotiations, the Kimberley Process Certification Scheme (KPCS) became operational in January 2003 as a multilateral trading scheme that aims to eliminate 'conflict diamonds' from the international trade in rough diamonds. The Scheme now has 46 "Participants" (that is, members), the European Community being one of them (the EC is the sole Participant on the EU side).

b) Chairmanship and KP bodies. The Kimberley Process is chaired by a different Participant every year: South Africa in 2003, Canada in 2004, Russia in 2005, with Botswana chairing in 2006. The EC was elected to the Chairmanship for 2007 (it serves as Vice-Chair in 2006), and a 'hand-over ceremony' will be organised at the Gaborone Plenary in November 2006. The KP is currently looking for candidates for Chair for 2008. India had indicated its intention to apply, but has not made this intention public, while Angola has done so (seen as heavily corrupt and human rights abuses are often reported in diamond producing areas) and is supported by G77/African countries and Russia.

The KP has a 'Participation Committee' to check if applicants meet the core KPCS requirements, a Working Group on Monitoring to follow-up KPCS implementation, a Working Group on Statistics and a Working Group of Diamond Experts, as well as other bodies such as a Selection Committee and a sub-group on alluvial producers. The EC, represented by the Commission, currently chairs the Working Group on Monitoring and participates actively in the other bodies of the Kimberley Process.

c) Main elements of the KPCS. The KPCS imposes stringent requirements on its Participants as regards transparency and internal controls in the production and trade of rough diamonds, requires the use of a KP certificate for trade between Participants and bans all trade with non-Participants.

The Kimberley Process has created a *peer review system*, providing for a combination of regular reporting by Participants and on-the-spot inspection visits. Implementation of this peer review system continues to be a central objective for the KPCS, and one in which the EC (as Chair of the Kimberley Process Working Group on Monitoring) is playing a central role. Most Participants have now invited voluntary peer review visits. The EC led the first KPCS review mission (to the Central African Republic in June 2003), and has led and participated in a number of review visits. It received a review visit in 2004. The KP can also send expert missions to applicants (eg Liberia) or review missions where there are 'credible indications of significant non-compliance', which can lead to the expulsion of a Participant (ex. Congo-Brazzaville).

d) Three-year Review. In 2006, a comprehensive '3-year Review' of the KPCS has been conducted, under which its major elements have been assessed and recommendations formulated. The consensus is that the KPCS is a success and has substantially curtailed the trade in illicit diamonds. The crucial challenge for the KPCS now lies in ensuring that all Participants effectively implement its requirements, given that the KPCS relies on national governments to implement its provisions through legislation and effective internal controls of diamond production and trade. Recommendations have been made notably on improvements to the peer review mechanism, statistics and internal controls, while the issue of financing has been raised by observers.

e) Current issues: Côte d'Ivoire/Ghana and Venezuela: Notwithstanding the positive record of the KPCS overall, the Process is periodically confronted with major cases of non-compliance. The most serious challenge for the KP relates to the reports that conflict diamonds from Côte d'Ivoire could be smuggled through Ghana and exported with a KP certificate, which puts under question the overall effectiveness of the KPCS. The Gaborone Plenary has decided that this represents a major threat to the integrity of the KP and requested Ghana to implement an Action Plan to strengthen its internal controls and ensure that its diamonds are 'conflict free'.

The Gaborone Plenary has also decided to send a review mission to Venezuela to investigate compliance with KP obligations.

## **2. The EC and the Kimberley Process**

The European Community (EC), representing the EC as a whole, is a Participant in the KPCS and is represented by RELEX A2. The EC, working closely with Member States, has contributed actively to the development of the KPCS. The EC will chair the Kimberley Process in 2007. The EC currently chairs the Kimberley Process Working Group on Monitoring, responsible for oversight of implementation, and participates actively in the other KP bodies.

The KPCS is implemented in the EC by Council Regulation 2368/2002, the one set of rules which lays down the procedures and criteria for the import/export of rough diamonds into and from the EC, and creates a uniform EC KP certificate. EU Member States which wish to do so designate 'Community authorities' (currently four) to carry out the import and export procedures and issue the certificates – importers and exporters can freely choose their point of entry.

The EC endorses the principles of Industry self-regulation as laid down in Section IV of the KPCS Document, and Regulation 2368/2002 sets out the requirements for the establishment of a system of warranties and industry self-regulation by organisations representing traders in rough diamonds, in exchange for a 'fast-track issuance' of KP certificates.